

### **304.38-130 Revocation or suspension of certificate of authority.**

- (1) The executive director may suspend or revoke any certificate of authority issued to a health maintenance organization under this subtitle if the executive director finds that any of the conditions exist for which the executive director could suspend or revoke a certificate of authority as provided in Subtitles 2 and 3 of this chapter or if the executive director finds that any of the following conditions exist:
  - (a) The health maintenance organization is operating significantly in contravention of its basic organizational document or in a manner contrary to that described in and reasonably inferred from any other information submitted under KRS 304.38-040, unless amendments to such submissions have been filed with and approved by the executive director;
  - (b) The health maintenance organization issues evidence of coverage or uses a schedule of charges for health care services which do not comply with the requirements of KRS 304.38-050 or Subtitle 17A of this chapter;
  - (c) The health maintenance organization does not provide or arrange for health care services as approved by the executive director in KRS 304.38-050(1)(a);
  - (d) The certificate of need and licensure board certifies to the executive director that the health maintenance organization fails to meet the requirements of the board or that the health maintenance organization is unable to fulfill its obligations to furnish health care services;
  - (e) The health maintenance organization is no longer financially responsible and may reasonably be expected to be unable to meet its obligations to enrollees or prospective enrollees;
  - (f) The health maintenance organization, or any person on its behalf, has advertised or merchandised its services in an untrue, misrepresentative, misleading, deceptive, or unfair manner;
  - (g) The continued operation of the health maintenance organization would be hazardous to its enrollees; or
  - (h) The health maintenance organization has otherwise failed to substantially comply with this subtitle.
- (2) If the certificate of authority of a health maintenance organization is suspended, the health maintenance organization shall not, during the period of the suspension, enroll any additional enrollees except newborn children or other newly acquired dependents of existing enrollees, and shall not engage in any advertising or solicitation whatsoever.
- (3) If the certificate of authority of a health maintenance organization is revoked, the organization shall proceed, immediately following the effective date of the order of revocation, to wind up its affairs, and shall conduct no further business except as may be essential to the orderly conclusion of the affairs of the organization. It shall engage in no further advertising or solicitation whatsoever. The executive director may, by written order, permit the further operation of the organization as the executive director may find to be in the best interest of enrollees, to the end that enrollees will be afforded the greatest practical opportunity to obtain continuing

health care coverage. If the executive director permits such further operation the health maintenance organization will continue to collect the periodic prepayments required of enrollees.

**Effective:** July 13, 2004

**History:** Amended 2004 Ky. Acts ch. 24, sec. 43, effective July 13, 2004. -- Created 1974 Ky. Acts ch. 357, subtit. 38, sec. 13, effective June 21, 1974.

**Legislative Research Commission Note** (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.